

Air Force Materiel Command

Developing, Fielding, and Sustaining America's Air and Space Power



AEDC Contract Competition Lessons Learned

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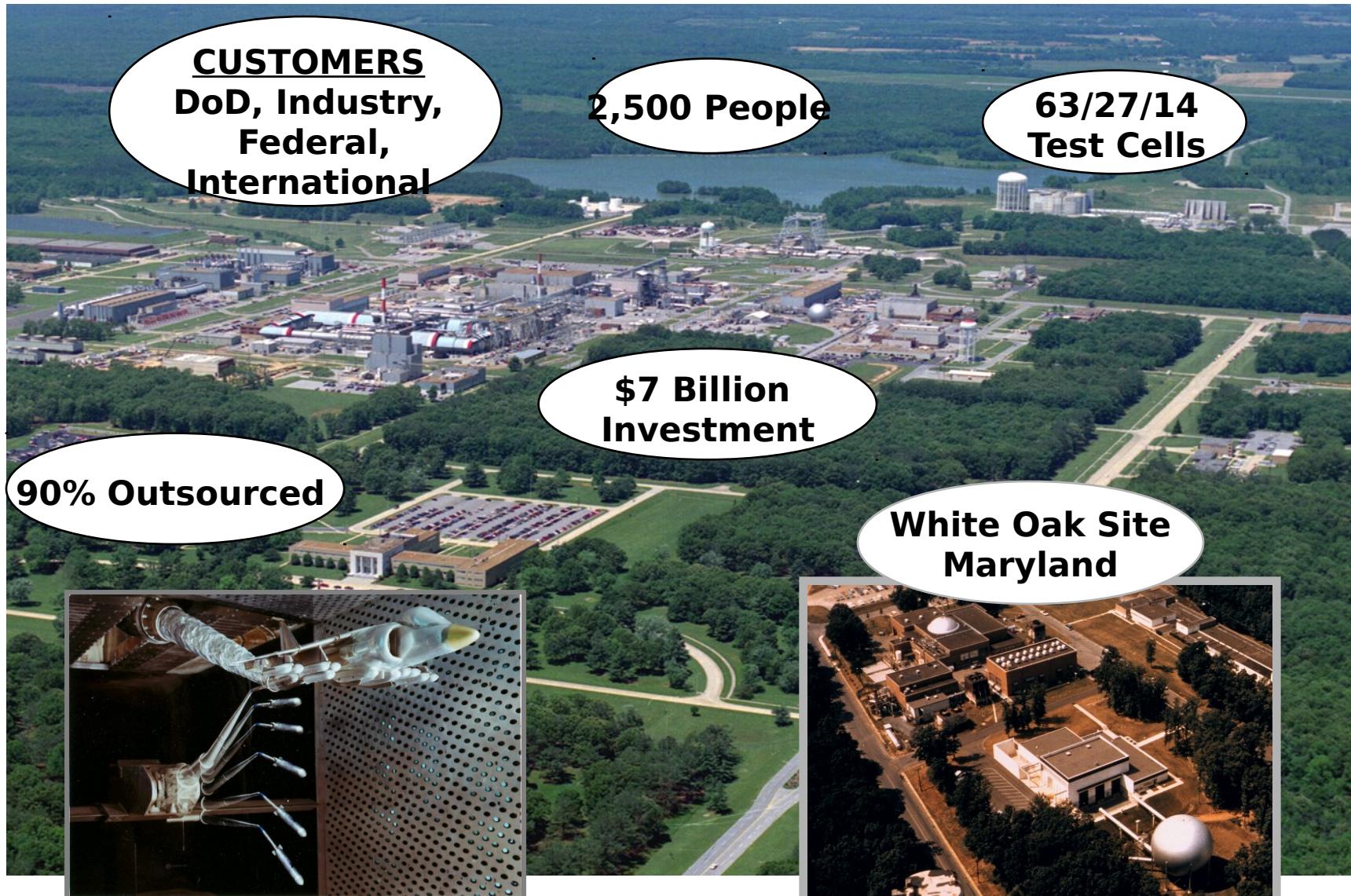
Integrity - Service - Excellence



Arnold Engineering Development Center (AEDC)



AEDC





Key Tenets

AEDC

- **Vision and commitment**
- **Relentless communication and information sharing**
- **Disciplined program management**



Objectives

AEDC

Our Commitment ... seek the most effective, productive and efficient arrangement for management, operations and maintenance of this national asset

- **Technical Excellence**
- **Effective Management and Processes**
- **Performance Dependability**
- **Efficient and Effective Information Technology and Systems**
- **Cost Reduction and Control**

Major window of opportunity to transform and make significant improvements



Results

AEDC

- **One of the largest services contract in the AF**
 - Received three strong proposals from large, joint venture teams with multiple subcontractors
- **Awarded performance-based, CPAF services contract**
 - \$2.7 Billion
 - Up to 12-Year performance period
 - Potential for four award term years
- **Significant reduction in cost**
 - Estimated \$700M+ savings over 12 years
 - Savings begin in FY 04
- **Stayed on schedule throughout acquisition**
 - Industry and Government met commitments
- **No protests**



Acquisition Schedule



AEDC

- **Feb 2002** Stakeholders Meeting
- **Mar 2002** Risk Assessment
- **Apr 2002** Industry Conferences
- **Apr 2002** Request for Information
- **Sep 2002** Draft RFP Release
- **Dec 2002** Second Draft Release
- **Jan 2003** Final RFP Release
- **Feb 2003** Proposals Received
- **Jun 2003** Contract Award



Acquisition Strategy

AEDC

- **Eased Organizational Conflict of Interest (OCI) clause to increase competition**
- **Single contract to maximize innovations and efficiencies**
- **Long term contract (up to 12 years) to foster partnership**
- **Open communication throughout process**

Shaped by Stakeholders and Industry



Aerospace Testing alliance (ATA)



- **Jacobs Sverdrup**
- **Computer Sciences Corp (CSC)**
- **General Physics**

A Joint Venture

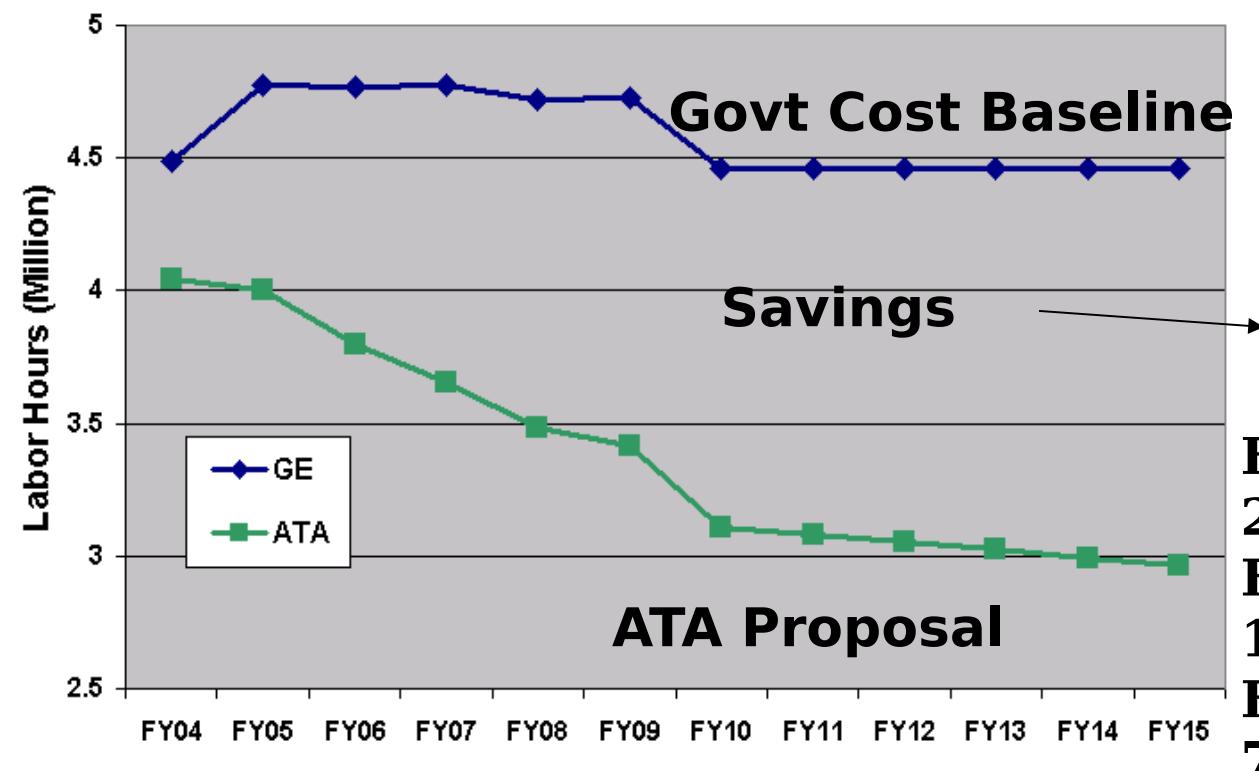


Innovations and Efficiencies



AEDC

Results



FTE REDUCTIONS			
	ATA	Δ	CUM
FY04	247.3		10.0%
247.3			
FY07	620.2		23.4%
1827.3			
FY15	828.2		33.5%
7969.9			

FTE = Full Time Equivalent



ATA Key Initiatives



AEDC

- **Dynamic Workload Management Methodology (588 FTEs)**
- **Contract Management Consolidation (381.6 FTEs)**
- **Consolidation of Similar Work Functions (2068.6 FTEs)**
- **Resource Provisioning (1897.4 FTEs)**
- **Integrated Information Management System (160 FTEs)**
- **Process and Tech Based Continuous Improvements (2010 FTEs)**
- **Use Mobile Data Units to Increase Craft Productivity (153.6 FTEs)**



Transition



AEDC

- **Successful transition ... fully operational on 1 Oct**
- **Restructured into a new company**
- **Hired the work force**
- **Negotiating new collective bargaining agreement for wage employees**

Critical to Delivering Proposal Initiatives and Mission Accomplishment



AEDC

Lessons Learned



Personnel

AEDC

- **Right people were assigned to the task**
 - Chiefs or deputies comprised the SSET (Cols, GS-15s, GS-14s, etc)
 - All major functional areas represented
 - Unlimited ability to draw upon others as needed
 - Dedicated to source selection full time upon RFP release
- **Key members experienced in prior contract competitions**
 - Avoided mistake of inexperienced personnel in key jobs
- **Cost team included three dedicated DCAA personnel**
- **Administrative Leader (GS-12) simply proved invaluable in coordinating all activities**



Training

AEDC

- **We had a need for up-to-date training**
 - **Risk assessment**
 - **Agency-level source selection procedures**
 - **Source selection tool**
- **AFMC ACE stepped in**
 - **Provided outstanding risk assessment training and workshop**
 - **Initial and refresher source selection training**
- **What worked well**
 - **Just-in-time training**
 - **Mock three-day source selection just after final RFP released**
 - ▶ **Used proposal excerpts from prior competition**
 - **Reviewing GAO decisions from other acquisitions**



Facilities and Equipment

AEDC

- **No organic IT capability was initially a challenge**
 - **All services (networks, e-mail, help desk, etc) provided by incumbent contractor who would be competing for the new contract**
 - **Attempt to use a COTS software encryption package didn't work well**
 - **Isolated our facility from the base networks and relied on faxes, phone calls, CDs, meetings, etc.**
- **Used EZ Source as source selection tool - our "MVP"**
 - **Started with zero knowledge but quickly became**



AFPEO/SV Involvement

AEDC

- **This acquisition was one of the first worked from initial planning through contract award**
 - **PEO involvement was new to us**
 - **AFMC/CV had served as SSA in the past**
- **AFPEO/SV staff & AEDC became a seamless team**
 - **Excellent relationship guided by common sense**
 - **Top notch expertise and advice offered**
 - **Extremely comprehensive, value-added reviews**



Risk Assessment

AEDC

- **Significantly more extensive than prior risk assessments**
- **Broad participation from all levels of organization**
- **Used Probability/Consequences Screening tool**
- **Results facilitated development of SOO and Section M**
- **Briefed risk assessment at first industry conference**
 - **Made it available on line for industry early in the process**



Acquisition Strategy

AEDC

- **Objective was to write a long term contract that would foster long term partnership and contractor investment**
 - **Significant issue emerged regarding “multiple year” contract versus a “multiyear contract”**
 - ▶ **Multiyear service contracts over \$500M must not be initiated unless specifically authorized by a law**
 - ▶ **Appeared to be limited to a base five-year contract with a option not to exceed three years**
- **Significant issue regarding structure of award term incentive**
 - **Appropriation law concerns**
 - **Resolution was to minimize time between “earning” an award term period and the time it was actually performed**



Acquisition Strategy

AEDC

- **Restrictive organizational conflict of interest (OCI) barrier removed**
 - Stakeholder's conference and industry feedback key to changing our 50-year paradigm
 - Define and manage safeguards - special Section H clause written
 - Excellent support from SAF/GCQ
- Addressed OCI through a multi-step advisory process
 - Potential offerors invited to prepare draft OCI mitigation plans for Government review
 - Advisory "Go/No Go" decision given prior to release of RFP



Acquisition Strategy

AEDC

- **Industry significantly influenced key acquisition strategy decisions**
 - **Issued Request for Information in April 2002**
 - ▶ **Identified key issues where input was needed**
 - ▶ **Extensive data provided to help them offer informed advice**
 - ▶ **Numerous “one on one” meetings held**
- **Results**
 - **Changed our present two contract arrangement into a single consolidated contract**



Sharing Information with Industry

AEDC

- **Effective competition dependent upon making industry knowledgeable about complex AEDC operations**
 - **Technical information exchanges (industry idea)**
 - **Extensive competition technical library**
 - ▶ **Contained sensitive but unclassified data**
 - ▶ **Incumbent contractors' salary, fringe, skill mix, etc**
 - **Standard industry conferences**
- **One offeror commented we may have provided too much data**



Request for Proposal

AEDC

- **No major issues**
 - **Two DRFPs (September and December 2002)**
 - **RFP (released January 2003)**
 - ▶ **Avoided releasing the final RFP during holiday period**
- **PEO direction regarding small business participation based on prior experience**
 - **How are you going to evaluate a proposal that significantly exceeds goals at the expense of increasing cost?**
- **Offerors made a number of Section K reps and certs mistakes**



Request for Proposal -

Section M



- **Five Mission Capability Subfactors**

- Management/Technical approach
- Key Personnel
- Information Technology and Systems
- Innovations and Efficiencies
- Transition/Phase-In

Clearly put focus on reducing cost

Challenging, time consuming validation process during discussions

- **Source selection policy**



RFP - Past Performance

AEDC

- **Providing very specific instructions in Section L for the Past Performance Volume resulted in consistent information from all offerors**
- **Data in Past Performance Information Retrieval System (PPIRS) was of minimum value**
- **Telephone interviews necessary to really understand relevancy and performance of each contract**
- **Site visits to the really important contracts added significant value to understanding performance**
- **Industry and the team both liked the use of a relevancy matrix**
- **Mission capability team needed a better way to communicate performance claims to the PRAG for follow-up**



RFP - Cost/Price

AEDC

- **Current and historical labor and fringe rate data released**
 - **Results in more realistic cost data**
- **Specific cost factors fixed by Government**
 - **Labor cost escalation rate**
 - **Health insurance escalation rate**
 - **Pension cost**
 - **Material cost**
- **Established minimum award fee amounts**

Industry input during RFI sessions helped identify key items



Documentation

AEDC

- **Comprehensive documentation necessary**
 - **Proposal Analysis Report (PAR) (375 pages)**
 - **Source Selection Decision Document (SSDD) (22 pages)**
 - ▶ **Redacted version will be posted on HQ AFMC/PK website shortly**
- **A challenge to keep the Final Evaluation Briefing (FEB), PAR, and SSDD language consistent**
 - **Difficult “real time” configuration control task in writing, reviewing, rewriting, revising, etc. the PAR and SSDD**



Debriefings

AEDC

- **Objective was to “release everything”**
 - **Unsuccessful offerors were given the SSDD before the debriefing**
 - **A copy of the winner’s unredacted Final Evaluation Briefing charts were released to the other offerors**
 - **Unusual since it meant releasing proprietary information, but it helped significantly in communicating the basis for the decision**
 - **Key : Winning offeror concurred with this approach**
- **Prepare “equally” for all debriefings**



Summary

AEDC

- **Significant opportunity to implement change**
- **Listened to our stakeholders and industry**
- **New contract offers significant cost savings while maintaining technical excellence**

Shaping AEDC for the Future